

104
H.R. 3107

Y 4. IN 8/16:M 34/2

H.R. 3107, 104-2 Markup...

JP

BEFORE THE

COMMITTEE ON
INTERNATIONAL RELATIONS
HOUSE OF REPRESENTATIVES
ONE HUNDRED FOURTH CONGRESS

SECOND SESSION
ON
H.R. 3107

MARCH 21, 1996

Printed for the use of the Committee on International Relations



DEPOSITORY

SEP 18 1996

STOCK NUMBER 104-2

U.S. GOVERNMENT PRINTING OFFICE

24-575 CC

WASHINGTON : 1996

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402

ISBN 0-16-052927-1

104
H.R. 3107

Y 4. IN 8/16:M 34/2

H.R. 3107, 104-2 Markup...

JP

BEFORE THE

COMMITTEE ON
INTERNATIONAL RELATIONS
HOUSE OF REPRESENTATIVES
ONE HUNDRED FOURTH CONGRESS

SECOND SESSION
ON
H.R. 3107

MARCH 21, 1996

Printed for the use of the Committee on International Relations



DEPOSITORY

SEP 18 1996

STONDRIDGE LIBRARY

U.S. GOVERNMENT PRINTING OFFICE

24-575 CC

WASHINGTON : 1996

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402

ISBN 0-16-052927-1

COMMITTEE ON INTERNATIONAL RELATIONS

BENJAMIN A. GILMAN, New York, *Chairman*

WILLIAM F. GOODLING, Pennsylvania
JAMES A. LEACH, Iowa
TOBY ROTH, Wisconsin
HENRY J. HYDE, Illinois
DOUG BEREUTER, Nebraska
CHRISTOPHER H. SMITH, New Jersey
DAN BURTON, Indiana
JAN MEYERS, Kansas
ELTON GALLEGLY, California
ILEANA ROS-LEHTINEN, Florida
CASS BALLINGER, North Carolina
DANA ROHRABACHER, California
DONALD A. MANZULLO, Illinois
EDWARD R. ROYCE, California
PETER T. KING, New York
JAY KIM, California
SAM BROWNBACK, Kansas
DAVID FUNDERBURK, North Carolina
STEVEN J. CHABOT, Ohio
MARSHALL "MARK" SANFORD, South Carolina
MATT SALMON, Arizona
AMO HOUGHTON, New York
TOM CAMPBELL, California

LEE H. HAMILTON, Indiana
SAM GEJDENSON, Connecticut
TOM LANTOS, California
ROBERT G. TORRICELLI, New Jersey
HOWARD L. BERMAN, California
GARY L. ACKERMAN, New York
HARRY JOHNSTON, Florida
ELIOT L. ENGEL, New York
ENI F.H. FALEOMAVAEGA, American Samoa
MATTHEW G. MARTINEZ, California
DONALD M. PAYNE, New Jersey
ROBERT E. ANDREWS, New Jersey
ROBERT MENENDEZ, New Jersey
SHERROD BROWN, Ohio
CYNTHIA A. McKINNEY, Georgia
ALCEE L. HASTINGS, Florida
ALBERT RUSSELL WYNN, Maryland
JAMES P. MORAN, Virginia
VICTOR O. FRAZER, Virgin Islands (Ind.)
CHARLIE ROSE, North Carolina
PAT DANNER, Missouri

RICHARD J. GARON, *Chief of Staff*
MICHAEL H. VAN DUSEN, *Democratic Chief of Staff*
VERONICA A. CRAIG, *Staff Associate*

C O N T E N T S

WITNESSES

	Page
Thursday, March 21, 1996:	
Markup of H.R. 3107, To impose sanctions on persons exporting certain goods or technology that would enhance Iran's ability to explore for, extract, refine, or transport by pipeline petroleum resources, and for other purposes	1

APPENDIX

Statement of Senator Alfonse D'Amato	27
Text of H.R. 3107	29
Amendment by to H.R. 3107 by Mr. Campbell of California	54
Amendment to H.R. 3107 by Mr. Torricelli of New Jersey	55
En bloc amendment to H.R. 3107 offered by Mr. Gilman of New York	56

MARKUP OF H.R. 3107

THURSDAY, MARCH 21, 1996

HOUSE OF REPRESENTATIVES,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, DC

The committee met, pursuant to call, at 10 a.m., in room 2172, Rayburn House Office Building, the Honorable Benjamin A. Gilman (chairman of the committee), presiding.

(Whereupon the committee proceeded to mark up H.R. 3121, a bill to revise defense and security assistance authorities.)

Chairman GILMAN. We now turn to H.R. 3107, a bill to deter investment in Iran, the Iran sanctions bill. This legislation was distributed in its present form on Tuesday and has been the subject of intense discussion with members on both sides of the aisle and with the Administration and representatives of the public, was introduced on Tuesday and referred to this committee and, in addition, to several other committees for such time as the Speaker may determine.

We now lay the bill before the committee. The clerk will report the title of the bill.

CLERK. H.R. 3107, a bill to impose sanctions on persons exporting certain goods or technology that would enhance Iran's ability to explore for, extract, refine or transport by pipeline petroleum resources and for other purposes.

Chairman GILMAN. The clerk will read the bill for amendment.

CLERK. Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled. Section 1—

Chairman GILMAN. Without objection, the bill is considered as having been read, is open to amendment at any point.

[A copy of H.R. 3107 appears in the appendix.]

Chairman GILMAN. I would like to at this time because of his interest in the Iran legislation, I am delighted to invite the distinguished Senator from New York, the Chairman of the Banking Committee, Senator Alfonse D'Amato, who introduced the Senate counterpart of the bill and guided it to passage to address the committee. But before I do so, let me inquire of the distinguished ranking Democratic member, the gentleman from Indiana, Mr. Hamilton, whether he has any opening remarks?

Mr. HAMILTON. Mr. Chairman, not at this time. I do want to welcome Senator D'Amato. We are delighted to have him with us this morning. It is nice of him to come over and we look forward to his testimony.

Chairman GILMAN. Thank you, Mr. Hamilton.

Mr. King.

Mr. KING. Mr. Chairman, I want to, first of all, thank you for giving me time and I want to welcome my long-time friend, colleague and constituent, Senator D'Amato to the hearing today. And along with Howard Stern, he is my most famous constituent and I am very delighted to have him here today. And Howard Stern is the normal one of the constituents.

[Laughter.]

Mr. KING. Very seriously, Senator D'Amato is a very close friend. I just want to commend him for the tremendous leadership he has shown on this issue.

Iran is a leading export of terrorism in the world today and no one has done more than Senator D'Amato to highlight this issue and take the courageous stands that are necessary, and I commend him for the leadership he has shown in the Senate and the leadership he has shown throughout the Nation in addressing the concern of Iran as a terror state. And I welcome you to the meeting, Senator D'Amato.

Chairman GILMAN. Mr. Roth.

Mr. ROTH. Thank you, Mr. Chairman.

Senator D'Amato, I have always had great respect for your legislative abilities. I saw you operate in New Hampshire and other places, working for Senator Dole, and I want to say thank you for all the work you did up there. If Senator Dole becomes President, which he will, Senator D'Amato will have had a lot to do with it. And, so, we want to say thank you.

Chairman GILMAN. A warm welcome to our junior Senator from New York, Senator D'Amato.

Senator D'AMATO. Well, Mr. Chairman, let me thank you, No. 1, for the graciousness of the reception and for the opportunity to share some thoughts with you on this very important legislation. I want to congratulate you and all of the members of the committee, particularly my Congressman, Congressman King. We have had the pleasure of working with many legislative matters going back to our days in Long Island together.

In addition, I would like to say that this has truly been a bipartisan effort and it is certainly good to see my good friend, Congressman Hamilton. I do not think there is anybody who brings a keener depth and knowledge of world affairs and who has operated over the years in a truly bipartisan manner. And so it is a delight to be here.

And as we talk about bipartisanship, and I think certainly in certain efforts and in foreign policy in particular, we see more of that. When you look at the members who have been working on this legislation, Representative Berman, he has been absolutely a tireless worker in this; Representatives Gejdenson, King and Forbes. So, I want to congratulate the manner in which you brought this bill to where it is.

Obviously, it is a fight against international terrorism. And it is a fight that is important. And the bill mirrors rather closely the legislation that we have passed in the Senate by a unanimous vote. But there are some important differences.

The bill that we are considering would place economic sanctions on any foreign company that invests or provides oil equipment to

Iran and Libya. It will tell foreign companies that you can either trade with them or trade with the United States, but you cannot have it both ways.

The world has to understand that these two regimes are the chief sponsors of international terrorism today. Iran funds, arms and trains Hezbollah and Hamas, two groups dedicated to the destruction of the State of Israel as well as mortal enemies of the United States. Both of these bloody groups conduct horrific operations against innocent civilians and think nothing of blowing up children, and busloads of innocent civilians. Hezbollah has publicly admitted that it receives funding and arms from Iran.

Libya refuses to surrender two of its agents that have been indicted for their part in the horrific bombing of Pan Am Flight 103. That is a flight where 270 people were killed. Qadhafi also funds and trains a number of terrorist groups which target Americans and westerners alike.

We do not have to go back very far to see the destruction that these two countries have fostered and cheered on. In Tel Aviv, Jerusalem, and even in new York with the bombing of the World Trade Center, these terrorist regimes have spread their venom of hatred and destruction. I could not think of two countries more deserving of international isolation and punishment.

Simply put, we must view any business deal that provides Iran and Libya with the hard currency to develop their energy sectors as a direct threat to U.S. national security. Such deals only enhance these regimes' financial resources enabling them to finance their ongoing terrorist programs and efforts to obtain weapons of mass destruction. We must all be committed to strengthening current economic sanctions against Iran and Libya until their outrageous conduct and sponsorship of terrorism ends.

Your proposed legislation contains additions to the Senate-passed bill which deserve comment. Most important is the addition of an import sanction which will deny a sanctioned company the right to export its products to the United States. Beyond that, there is a provision that restores the trade of oil equipment with Iran and Libya to the list of sanctionable offenses. And, finally, the requirement that the President must choose any two of five sanctions to place on an offending company, is an important addition to this bill.

Already, before this bill has been enacted, it has had a very severe impact on these nations. It has deterred a number of international companies from investing in Iran. Let me just cite a couple of them. Royal Dutch Shell decided against investing in Iran, and the Broken Hill Proprietary Corporation of Australia abandoned a pipeline project from Iran to Pakistan worth close to \$4 billion. They were all concerned about the impact of this legislation.

The JGC Corporation of Japan, which had sought several natural gas projects inside Iran and others have resisted going forward with other projects.

In the end, companies must ask themselves if they want to trade with Iran or Libya, or trade with the United States. I think the answer will be clear in many cases, that they will choose doing business with us. But if they choose to do business with Iran and

Libya, then this legislation will serve as a reminder that you cannot have it both ways and that the United States will not ignore those who financially aid these terrorist regimes.

So, Mr. Chairman, I want to applaud this committee for taking up this legislation and I want to applaud the bipartisan manner in which you have worked to bring it to this point.

[The prepared statement of Senator D'Amato appears in the appendix.]

Chairman GILMAN. Thank you, Senator D'Amato. I know that your time is short and you have to return to the Senate.

Are there any questions of Senator D'Amato?

Mr. HAMILTON. Mr. Chairman.

Chairman GILMAN. Mr. Hamilton.

Mr. HAMILTON. Senator, your bill in the Senate, as I understand it, is aimed principally at investment. This bill that we are dealing with picks up on your bill and aims at investment, but it also aims at the export of certain petroleum-related products to Iran.

Senator D'AMATO. Yes.

Mr. HAMILTON. Do you endorse the House bill? Do you think extending the bill to exports is a good idea?

Senator D'AMATO. I do. And I understand there is some controversy with respect to this, but I think that if we are going to be successful in really making the point clear that we are not merely paying lip service, that this is an important principle.

Mr. HAMILTON. There is another difference with regard to sanctions. I guess that is not as great, but in your bill, the President has to choose one of four possible sanctions and the House bill requires the President to impose two out of five.

Senator D'AMATO. Two out of five, yes.

Mr. HAMILTON. And we add an additional sanction. I guess that is not a major point, but can you just give us a reaction, if you have one, to the House bill?

Senator D'AMATO. I like the idea of there being more than just one sanction and we give the President the option of two out of five. It seems to me that we are stepping forward in a just manner and we are telling those who provide these regimes with investment that we have had enough. Unfortunately, I think we have for too long been saying one thing and doing another. And it was not until the President issued his Executive Order last year that for the first time we let our allies know that we were serious. It is difficult for us to ask people to join with us when we have our own foreign subsidiaries doing business, et cetera. And, so, I think it is important that he has these tools.

Mr. HAMILTON. Mr. Chairman, I apologize for taking a little more time, but I note the bill links Iran and Libya. And I think your bill did, too, did it not, in the Senate?

Senator D'AMATO. Yes.

Mr. HAMILTON. As you passed it. And I presume you support that, treating those countries the same?

Senator D'AMATO. I do. We initially started out, Congressman, with Iran; but, obviously, Libya is a pariah nation. It fits the description and should be linked. And Senator Kennedy came to me with this and we decided to include it on the Senate floor.

Mr. HAMILTON. Thank you very much, Senator.

Senator D'AMATO. Thank you, sir.

Chairman GILMAN. If there are no further questions, Senator D'Amato, we want to thank you for taking your time to appear before the committee. We thank you for your advocacy of this measure and we look forward to early adoption of the measure.

Senator D'AMATO. Well, I look forward to working with the chairman when we go to conference and so that we can speedily enact this legislation.

Chairman GILMAN. Thank you, Senator D'Amato.

Senator D'AMATO. It has been a pleasure being with you.

Chairman GILMAN. I am pleased that we are bringing before the committee this morning a bill that places our Nation on the front lines of the battle against terrorism around the world and by imposing sanctions on companies that help to develop the oil and gas industries in Iran and Libya. This bill can put a halt to the state-sponsored terrorism and their efforts to develop weapons of mass destruction.

With yet another suicide bombing yesterday in the Middle East, pro-Iranian guerrillas have renewed their terrorist campaign against Israel in their efforts to derail the peace process. By imposing a total embargo on Iran in March of last year, the Administration took an important step in our efforts to isolate this terrorist country and thus keep the peace process on track.

The anti-terrorism summit in Egypt earlier this month was another important step in mobilizing support behind our closest ally in the Middle East. But much more needs to be done to put pressure on states such as Iran and Libya that provide moral and financial support for the terrorism that has killed and maimed thousands of innocent victims.

If our deeds are to match our words in this effort, enactment of this bill is a necessary step to rein in these rogue nations. Our bill helps the Administration deliver an unmistakable message to our European and Asian allies; the era of dialog is over. The time for action is now.

The bipartisan bill before us today requires the President to impose sanctions on companies that export key oil field goods or technology or make \$40 million or more of investments that would enhance the ability of Iran or Libya to develop their petroleum resources.

If he made such a determination, the President would have to impose at least two sanctions from a list of five in our measure. Those sanctions include denial of Export-Import Bank assistance, denial of licenses for the export of controlled technology, together with a prohibition on imports. Also, a prohibition on a sanctioned financial institution from serving as a primary dealer in U.S. Government debt instruments, prohibition on a U.S. financial institution from making any loan to a sanctioned entity over \$10 million a year; and, finally, a ban on U.S. Government procurement of any goods or services from a sanctioned entity.

This legislation allows the President to delay imposition of sanctions for 90 days to pursue consultations with the government of the sanctioned entity to end the sanctioned activities. An additional 90-day delay is permitted if the President determines that progress is being made toward that goal and the President may also waive

any of those sanctions if he determines that doing so is in the national interest.

Accordingly, I am asking my colleagues to maintain this momentum by passing this bill out of our committee today and working with us and all the cosponsors of the legislation to encourage the House to act on this legislation without delay.

I also wish to pay tribute to our committee colleagues on both sides of the aisle who have worked long and hard on a bipartisan basis to press the fight against global terrorism and to help craft this legislation, Mr. Burton and Mr. King on the Republican side and Mr. Berman, Mr. Gejdenson, Mr. Lantos on the Democratic side have been particularly active in this effort. I want to thank them for their support and urge them to join with us in bringing this measure to the House floor.

Mr. Hamilton.

Mr. HAMILTON. Mr. Chairman, I intend to support the bill. I do have some questions I want to address to the Administration. I think it might be appropriate, with your permission, Mr. Chairman, for me to yield to the gentleman from Connecticut, one of the chief sponsors, for his opening statement.

Chairman GILMAN. Without objection.

Mr. Gejdenson.

Mr. GEJDENSON. Thank you, Mr. Chairman. Thank you, Mr. Hamilton.

I am proud to be an original cosponsor of this bill and would commend Chairman Gilman who has demonstrated extraordinary leadership on the entire issue of Iran. I would also like to express my appreciation for the incorporation into this bill a critical provision from the legislation that I had introduced with Mr. Burton.

Chairman Gilman has worked diligently with Congressman Berman and myself to produce a vehicle that will truly address the threat posed by Iran. Mr. Berman's record on this issue is long and distinguished and I would particularly like to commend him.

I would like to join Senator D'Amato in commending the Administration and particularly, President Clinton. As Senator D'Amato pointed out, President Clinton took the lead in a bold decisive step by imposing a total embargo on Iran. Unfortunately, most of the industrialized nations of the world failed to follow his leadership. The strategy they have of critical dialog embraced by many of our allies has, to be put delicately, been less than successful. To put it bluntly, it provides the funds for Iran to continue its support of international terrorism and its efforts to develop weapons of mass destruction.

There is a consensus regarding the directness of the link between Iran's oil income and its ability to sponsor terrorism and build weapons of mass destruction. The State Department has testified with great clarity regarding this link. The purpose of this bill is to deny Iran the resources it needs to support terrorism and to develop weapons of mass destruction. This legislation will put very real pressure on those who lead Iran to choose between development in their country and using their oil resources to murder innocent citizens of the world.

This bill would incorporate from legislation introduced by Mr. Burton and myself a provision that would impose import sanctions on a company that enhances Iran's ability to produce oil.

Not only would such a company be denied exports from the United States, but it would be denied the ability to import any of its products into the United States. Let any company contemplating sales or investments that would enable Iran to generate more cash, to understand the consequences of its actions. It can have the Iranian market or it can have the American market, but it cannot have both.

Our bill also made the sale of oil drilling or extracting equipment a sanctionable act. This bill includes the concept but restricts it to the U.N.-approved list of choke-point technology that will materially and significantly enhance Iran's ability to develop its oil resources. It is a good change and one that should make this provision more palatable to the Administration.

I have heard the concerns expressed by some that this legislation will offend our allies. These are the same allies who fiercely objected to singling out Iran at a recent world conference on terrorism. These are the same allies who steadfastly refused to alter their sacred trading relationship with Iran. These are the same allies who preach the mantra of a critical dialog with Iran despite Iran's continuing horrific record in support for international terrorism and murder. How many innocent Israeli children have to be blown up before we decide that it is time to act? How close does Iran have to get to acquiring nuclear weapons before we decide it is time to terminate its funding?

I am sorry if we offend our friends in Europe, but the sight of body parts strewn on the streets of Tel Aviv offends me, Mr. Chairman. I hope we will move this legislation rapidly from the committee to the floor.

Chairman GILMAN. Thank you, Mr. Gejdenson. Thank you for your kind remarks.

Mr. Roth.

Mr. ROTH. Thank you, Mr. Chairman. Mr. Chairman, I realize that the skids are greased and that this legislation is going to pass. I always think it is important to be circumspect and to take a look at all the facets in passing legislation like this. So let me say that it is clear that Iran is a rogue state and so is Libya. The behavior of these regimes violates every standard of acceptable behavior and, clearly, we must take action to counteract these outlaw governments. But whatever we do, it must be effective in addressing the problem and we must take effective action—and I think effective is the operative word—to isolate Iran and Libya. In doing so, we must not isolate ourselves. Effective action requires a multilateral approach with a common strategy. And so far our government has done nothing to build an alliance against Iran and Libya.

I fear this legislation will make things worse, not better. This legislation is totally unilateral. It threatens the citizens and companies of our closest allies in Europe and Asia. By ourselves, we have little leverage with Iran and Libya. If this bill becomes law, will we have more leverage? Or less? I do not know. Probably less. Will our allies be more willing or less willing to work with us in a common purpose against these rogue regimes? We cannot build an alli-

ance with threats and sanctions against our friends. I want to support a bill that is effective, that builds an alliance and that will end Iran's and Libya's outlaw behavior.

Despite the best intentions of its sponsors, this legislation fails that test. In my judgment, it will make us weaker, not stronger. Members of this committee always call for American world leadership, and while we cannot lead everyone with threats and sanctions against our closest allies, certainly I realize that some action has to be taken.

I was reading in this morning's Journal of Commerce about one of our former Members, Mr. Cheney. He was also Secretary of Defense. And he was commenting on this bill. He said there seems to be an assumption—this is quoting former Secretary of Defense Cheney—"There seems to be an assumption that somehow we know what's best for everyone else and that we are going to use economic clout to get everyone else to live the way we would like them to," said Cheney. "The reality," he went on to say, "is those kinds of sanctions, unless they are part of an international effort are, in fact, self-defeating."

And, so, Mr. Chairman, I realize that and the members of this committee and its staff have worked hard on this legislation. I realize that their intentions are very good, and that we have to do something in this area. But I think that it would be wise for us to be circumspect and to look into the future just to see how effective this legislation is going to be to achieve the goals that we are trying to achieve.

Chairman GILMAN. Thank you, Mr. Roth.

Mr. MENENDEZ. Thank you, Mr. Chairman. I certainly am going to wholeheartedly support this bill, that terrorism knows no boundaries. It does not discriminate. It in fact debilitates the nations of the world.

I just want to make the observation as I listen to several of my colleagues that the essential ingredients that many have been concerned about in other legislation exists in this very legislation. The fact of the matter is that when I hear about the comments, well, maybe we will offend our allies, or that we will have an embargo that simply has not been joined by others, but nonetheless in this case is morally right or that we are using a peaceful tool of foreign diplomacy in the context of sanctions, I find it interesting that those very same concerns that existed in the recent Liberal legislation is in fact imbued in this legislation which I think in fact is an appropriate way for the United States to respond. I just find it interesting in the differentiation between while the other bill had certain other components to it, the fact of the matter is that some of the essential ingredients which were raised as objections to that bill, in fact, very well sit here in the context of trade issues.

I think it is right for the United States to use its economic abilities as a peaceful tool of foreign diplomacy and certainly in the face of terrorism conducted by these two countries. It is an appropriate use of our resources. It is an appropriate stance for the United States and I want to be consistent in supporting this legislation. Thank you, Mr. Chairman.

Mr. BERMAN. Would the gentleman yield just for one point?

Mr. MENENDEZ. I would be happy to yield to the gentleman.

Mr. BERMAN. I think you make a very interesting point about when arguments are used and when they are not used, but there is nothing in this bill that prohibits Americans' right to travel. I would just like to point that out to the gentleman.

Mr. MENENDEZ. I was referring to economic sanctions, but you are right.

Chairman GILMAN. Thank you, Mr. Menendez.

Mr. Campbell.

Mr. CAMPBELL. Mr. Chairman, I have an amendment at the desk.

Chairman GILMAN. The gentleman has an amendment at the desk.

Mr. LANTOS. Mr. Chairman, should we not have our opening statement, first, before we amend the legislation?

Mr. CAMPBELL. I was seeking recognition only for the amendment. I certainly defer if that is the case.

Chairman GILMAN. We will be pleased to withhold the amendment.

Mr. CAMPBELL. And I should say it is a very technical amendment. It is not substantive, but we will get to it.

Chairman GILMAN. Mr. Campbell, do you have any remarks?

Mr. CAMPBELL. No.

Mr. SALMON. Mr. Chairman?

Chairman GILMAN. Mr. Salmon. Mr. Bereuter.

Mr. BEREUTER. Mr. Chairman, if I could be recognized for an opening statement?

Chairman GILMAN. Mr. Salmon was here, first, and we will call on you in the proper order.

Mr. Salmon.

Mr. SALMON. No statement, Mr. Chairman.

Chairman GILMAN. Mr. King. Mr. Gallegly. Mr. Bereuter.

Mr. BEREUTER. Thank you, Mr. Chairman. We visited this before and it is always in a country where we have some great concerns on popular subjects of discussion.

I wanted to share for the record with my colleagues a couple of paragraphs from a letter undoubtedly all of us have received from the ambassador to the United States from the European Commission and signed by the Acting EU Council Presidency which is now in Italy.

"We take note of the changes in the Iran Oil Sanction Act of 1995 as passed by the U.S. Senate on 20 December 1995. We acknowledge that these changes have reduced the scope of sanctions against foreign companies. We reiterate our strong and unequivocal opposition to the extra-territorial application of U.S. jurisdiction."

And then in a following paragraph they say, "We find it unacceptable that companies incorporated in and operating from the European Community will be threatened by unilateral sanctions when maintaining legitimate business relations with Iran and Libya. We reiterate our position that the United States has no basis in international law to claim the right to regulate in any way transactions taking place outside the U.S. This way of unilaterally attempting to impose policies on third parties disturbs international trade and investment relations and depreciates the standing of internationally accepted fora for such measures."

So, once again, we are in this dilemma where we have tread before on Cuba, where we are extra-territorially affecting subsidiaries of American firms operating abroad, for example. I do agree with my colleague, Mr. Roth, in one point as we look at this difficult issue. That, of course, is that if we can do these kind of things multilaterally, we have much more effect.

This is a difficult issue for all of us because I know that all of us want to have an impact on Iran and Libya. I want our colleagues to understand how much opposition there is internationally not only in the European Community, but elsewhere to a unilateral sanction bill. Thank you, Mr. Chairman.

Chairman GILMAN. Thank you, Mr. Bereuter.

Mr. Berman.

Mr. BERMAN. Well, thank you, Mr. Chairman. And I want to join Mr. Gejdenson and others in particularly commending you for introducing the bill, for allowing us to have bipartisan participation in the process and for now beginning the process of moving it through the House so that we can end this Congress with meaningful action in this area.

There is a lot to say here. And, I will try not to say it all, but I think Mr. Bereuter's and Mr. Roth's comments should be dealt with because they are legitimate issues and I think it is important to put a context for this legislation.

We start off and I just quote Secretary Tarnoff when he testified here last October. He said, "A straight line links Iran's oil income and its ability to sponsor terrorism, build weapons of mass destruction and acquire sophisticated armaments."

This effort to impose some extra-territorial standards on our policy is very narrowly focused on investment and export, investment and substantial exports to that sector of the Iranian economy which will allow them to increase and enhance their energy sector and produce the foreign reserves which allow them to acquire the technology and develop the weaponry of mass destruction and export terrorism. It is carefully linked to that.

Yes, the United States and the Clinton Administration acted wisely and boldly in imposing the sanctions that they did on Iran. And, as we heard from testimony from witnesses when this committee had a hearing several months ago, at least one of whom is in the audience today, those sanctions have had some marginal impact on the Iranian economy. They have had some negative impacts. But when the major energy companies and our closest allies decide that the U.S. effort to try and deal with this Iranian program to develop weapons of mass destruction and export terrorism is an opportunity for them and not a cause to join, but an opportunity to replace American investment and replace American exports and simply as a new business opportunity that those silly Americans are passing up.

We set down a course which effectively erodes our ability to deal with what Iran is trying to do here. And this is not about who controls the Iranian government, as much as I would like to see a change in who controls that. The Iranian people are going to have to deal with that. This is not even about the specific and many abuses of human rights that exist within Iran. This is simply about two critical issues: export of terrorism and development of weapons

of mass destruction by a country that no one can feel assured should have those kinds of weaponry.

I think we have to ask certain questions. We just went through a cold war where the United States bore the greatest burden for financing the effort by the Western countries to deter Soviet imperialism and expansionism and we won. We stood together and we won. So soon thereafter we watched the disintegration of that alliance as economic issues of importance to individual countries superseded any coherent process for trying to deal with the problems of proliferation of weapons of mass destruction or international terrorism.

So what can we do? We can withdraw our sanctions and go back to business as usual. Or we can make an effort to try and force the countries and the companies that want to fill in for lost American opportunities. They can choose between doing business with the United States and doing business with Iran.

We are not going to put you in jail. We are not going to fine you. We are not going to do anything if you want to choose Iran, but then do not think you can procure from the U.S. Government, you can get export licenses for U.S. products, that you can import into the United States your commodities, that you can get international financing for your projects because we are going to do everything we can to stop that from happening.

That, I think, can drive home the point that this is an issue of such great seriousness that every democracy, every civilized country should be joined in the effort and I think that is a far better course than simply maintaining a relatively ineffective program or repealing that program.

Mr. BEREUTER. The gentleman from California, Mr. Campbell.

Mr. CAMPBELL. Thank you, Mr. Chairman, I do have one brief comment regarding extra-territoriality and largely in response to the chairman's comments.

I spoke against the Cuba bill because of its extra-territorial application. But there is a different kind of extra-territoriality in the Cuba bill than in this one and I would just like to take a moment and explain it as I see it.

The Cuba bill created an extra-territorial opportunity for private lawsuits by Americans. And that was unprecedented. I referred to it as chemical warfare. Give me anything but lawsuits by private Americans.

And to that extent, applying our civil jurisdiction over to parties overseas for no acts that occurred within America really did breach at least what I thought were standards of extra-territoriality. This bill, by contrast, does not create any private right of action. It merely is government action and really is quite traditional. Other countries will complain; they have. And then we resolve it diplomatically. What was unique about Cuba was it was not even government action; private actors could bring lawsuits. So, in that degree, the Cuba bill was quite different in its degree of extra-territoriality.

I opposed the Cuba bill, but I support this bill, and I thank the chairman for recognizing me.

Mr. GEJDENSON. Would the gentleman yield for 1 second?

Mr. CAMPBELL. I would be pleased to yield.

Mr. GEJDENSON. And just to further support for what the gentleman said is we have the same provisions almost identically when dealing with nuclear, chemical and biological weapons. And, again, many of our allies complained, but it is an effective regime.

Mr. CAMPBELL. Fair enough. I accept the gentleman's point.

Mr. BEREUTER. The gentleman from Virginia is recognized for 5 minutes. Mr. Moran.

Mr. MORAN. Thank you, Mr. Chairman. Just a quick comment about Iran. You know, we are not talking about a monolithic government or society here. We are talking about a country in chaos. There are diffuse power centers. Corruption is pervasive. There is random violence and the lack of respect for any consistent system of laws. And that is really why it is so important to impose these kinds of sanctions on people that are enabling this government. It is a rogue government, a rogue economy. It is uncontrollable by anyone at this point. It represents a threat to everyone. And that is why special actions need to be taken. And I think it is important to say and to underscore what has been said.

Mr. Campbell's point was right on in terms of extra-territoriality. And I think it is important to underscore what was said in terms of the mutual commitment that has been made on the part of the White House and the Congress with the Egyptian conference happening so quickly with appropriate recommendations, the assistance we have given to our allies in the Middle East particularly. We are fighting terrorism in an aggressive manner and I think this is another part of that. I suspect there will be some changes in conference, but at this point we ought to support this bill and I thank the chairman.

Mr. BEREUTER. Thank the gentleman.

The gentleman from New Jersey, Mr. Smith. Did he wish to be recognized?

Mr. SMITH. Very briefly, Mr. Chairman, to point out that I very strongly support this legislation. Just a couple of days ago, we held another hearing in the continuation of a series of hearings on rogue regimes and the terrible impact that terrorism is having on innocent civilians, on the acts of cowardice that are committed by these individuals. And Iran certainly is at the top of anyone's list when it comes to this kind of mischief.

It seems to me that however complicit we are, however indirect that may be in forwarding and advancing this kind of cowardice, these acts of terrorism against individuals by these pariah states, we should do all that is humanly possible to isolate. Constructive engagement simply does not apply in this situation. I think Mr. Gilman's legislation is very well crafted and I strongly support it.

Mr. BEREUTER. Thank you, Mr. Smith.

The gentleman from California, Mr. Lantos is recognized for 5 minutes.

Mr. LANTOS. Thank you very much, Mr. Chairman. And I, too, want to commend all of my colleagues who played a role in developing this legislation.

I am sorry that my friend and colleague from Wisconsin is not here because he started out his statement by saying the skids are greased. It is not that the skids are greased, it is that our con-

sciences are aroused. That is why we have this legislation. And that is why it is going to sail through the body.

I must say, of course, I fully support the legislation for all of the reasons that my good friend from Connecticut and California and others have stated. But I would like to go beyond just expressing my unqualified support.

There is a sort of bizarre self-fulfilling prophecy in this recurring plea for multilateralism. We all understand that multilateral sanctions would be more effective than unilateral sanctions. You do not have to be a genius to grasp that. But we will not have multilateral sanctions because this country, both in terms of the Congress, and in terms of the Administration is profoundly inconsistent in dealing with totalitarian regimes supporting terrorism and disrespecting human rights.

When we dealt with the South Africa issue, and some of my friends are still here remembering that debate, we were told, "Let's not do it unilaterally because unilaterally it is not going to be effective." If we could persuade everybody, then we would have a good piece of legislation.

And some of us voted for it and some voted against it. Then, we had the Cuba legislation and we again had the same argument. Multilateralism would be helpful, but unilaterally it is not effective.

When we will be dealing with MFN for China in a short time, despite the fact that China is now beginning the process of undermining the stability of the Pacific region, despite the fact that China continues to sell technology of mass destruction to rogue regimes, despite the fact that China is pursuing the most preposterous human rights policy on the face of this planet, despite the fact that China continues to deny the cultural identity of Tibet, we will have a division in this body. We will have a division on the same phoney argument that if we did it multilaterally, it would work, but since we do not do it multilaterally, let's not do it.

I think it is extremely important to realize that we are dealing with fundamental issues of terrorism, a danger to proliferation in terms of chemical, biological and nuclear weapons, in terms of vicious, vicious policy toward religious minorities such as the Baha'i people in Iran. We are dealing with sickening regimes and the Europeans come in with no moral standing on these issues, no moral standing whatever. They sold everything to Iraq until the night of the invasion of Kuwait. They are ready to sell everything to China. They are ready to sell everything to Iran. And I would much rather stand up alone and make the point, however ineffectively, than to wait until everybody else falls in line, because that day is not going to come.

The United States has the capability of making an impact. These companies will have to choose between our market and the Iranian market. And they can complain until hell freezes over. They will choose our market which is more valuable to them. And this legislation will have some degree of effectiveness.

I think it is important that we draw a line of demarcation between totalitarian, despicable regimes like the previous—if my colleagues could refrain from—if I may ask my colleague from Ohio to lower his voice?

If we draw a line of demarcation between totalitarian regimes which we have to stand up against, hopefully, in conjunction with our European friends and allies and Japan and others, all the better. But if we do not, we have to stand up alone. And I strongly urge my colleagues to endorse this legislation.

Chairman GILMAN. The gentleman's time has expired. I have no further requests for time.

Mr. Hamilton will be recognized because I believe he had asked for an opportunity to raise questions for the Administration. I think before we proceed with the amendment process, that would be appropriate.

Mr. Campbell will be recognized then for the first amendment.

The gentleman from Indiana is recognized.

Mr. HAMILTON. Mr. Chairman, I thank you. I want to make clear I am going to support this bill. I do think it raises a number of fairly difficult technical problems and I would like the Administration, whoever the appropriate spokesman is, to come forward, identify themselves or herself, and respond to some of these questions.

Now, first of all, I want to try to understand the impact of this bill with respect to our friends and allies.

We have, as I understand it, a good bit of cooperation today from our allies with respect to Iran, at least on some things. Is that correct?

Ms. LARKIN. Yes, it is, Mr. Hamilton. Senator D'Amato pointed out in his opening statement, we have had a chilling effect I believe from the enactment of the Senate legislation already on investment in Iran.

Mr. HAMILTON. From the passage there?

Ms. LARKIN. From the passage in the Senate, alone, with the investment trigger. There have been documented cases where transactions that had been contemplated did not go forward.

Mr. HAMILTON. Are you saying, then, that the enactment of this bill will decrease the cooperation we now have from our allies with respect to Iran?

Ms. LARKIN. Mr. Hamilton, I think in terms of cooperation with our allies, we have a greater deal of cooperation with our allies in terms of Libya than we do in terms of Iran.

Our concerns with the House draft in regards to Iran have to do with changing what is an investment trigger in the Senate version of the bill to a trade trigger in the House version of the bill. And that the trade trigger would have the effect of lessening cooperation from our allies.

Mr. HAMILTON. I will get to that a minute, but as I understand it now, with respect to certain kinds of things, we get a good bit of cooperation from our allies with respect to Iran.

Ms. LARKIN. Not as much as we would like.

Mr. HAMILTON. I understand that as well, but with respect to arms going in and the like.

Ms. LARKIN. Yes, sir, that is correct.

Mr. HAMILTON. They are very cooperative. And I have heard the State Department testify several times that we have been trying to extend that cooperation further.

Ms. LARKIN. Yes, sir.

Mr. HAMILTON. Now, this bill will raise some problems with respect to that cooperation. Is that what you are telling us?

Ms. LARKIN. Yes, sir. We anticipate that could be a result.

Mr. HAMILTON. Now, with respect to the differences between the Senate bill and the House bill, as Senator D'Amato said, his bill focuses on sanctioning investment. This bill focuses on sanctioning investment and trade, which is a broader bill. Tell me what the implications of that are.

Ms. LARKIN. First of all, the Administration strongly supports sanctions on Iran. We have supported the Senate bill. Our concern is that we want them to be effective and that we want them to hit Iran where it hurts and we want them to hurt Iran more than it hurts us. And we believe the investment trigger does that.

Our concerns with the trade trigger are largely two. One is the difficulty of monitoring that, especially if it was a unilateral sanction that was not supported by other countries as we anticipate, it would place the United States in the position of monitoring transactions for such things as drill bits, more minor articles, and it would be very difficult to enforce and, as a result, be not terribly effective.

Mr. HAMILTON. So, under this bill as it is written, we would have to monitor all Iran's foreign trade. Is that correct?

Ms. LARKIN. Yes, sir. Assuming that the United States was the only country that had in effect a trade sanction on Iran.

Mr. HAMILTON. Do we have the capability to do that?

Ms. LARKIN. It would be a tremendous administrative burden. And the State Department would not be the agency that would administer this. There would be others involved. And their analysis is that we would not be able to do that effectively.

Mr. HAMILTON. In any event, monitoring investment is much easier than monitoring trade.

Ms. LARKIN. Yes, sir.

Mr. HAMILTON. That is clear, is it not?

Now, as you go into this business of sanctioning trade and sanctioning investment. But how would you judge the reaction of our friends and allies to all of this if we go after trade with Iran as well? Do you have any sense of how they will react to that?

Ms. LARKIN. Our sense is that they would not react positively to that and that they would not support us on that sanction.

Mr. HAMILTON. Would they retaliate against us in some way?

Ms. LARKIN. It is possible. There are some concerns, Mr. Hamilton, in regards to our international legal obligations under such things as GATT, WTO, some bilateral investment treaties, where we could be challenged, yes.

Mr. HAMILTON. So, we would anticipate that they would challenge us in these international fora on this.

Ms. LARKIN. Yes, sir.

Mr. HAMILTON. I will not ask you the question what our judgment is with regard to that, but in any event, we do anticipate challenges at that point. Is that correct?

Ms. LARKIN. Yes, sir.

Mr. HAMILTON. Now, the bill requires that the President draw up a list of petroleum-related items whose export to Iran would trigger sanctions. And that list must include the items on the multilater-

ally agreed list attached to Security Council Resolution 883. That is the one that imposes sanctions on Libya. And I am told that the resolution list includes items that are of use only in the refining of petroleum.

Iran does not export refined gas, as I understand it. Is that correct? Do you know?

Ms. LARKIN. I will check. I do not know.

[Pause.]

Ms. LARKIN. That is correct, I am told.

Mr. HAMILTON. So, preventing the sale to Iran of items on Resolution 833 will not have much of an impact on Iran's export earnings.

Ms. LARKIN. That is correct.

Mr. HAMILTON. Now, Section 4 of the bill also requires sanctions to be imposed on entities that extend loans and credits to Iran's energy sector. That is a much wider range, of course, of commercial activity than that sanctioned in the Senate bill. Would sanctioning loans and credits violate any of our international obligations or might it be challenged?

Ms. LARKIN. I cannot speak to whether or not it would violate international legal obligations. We do believe that it would have what we think is an unintended negative effect and the results could be hurting the U.S. banking industry more than it actually hurts the foreign banking industry. The sanctions are already stronger than sanctions that are available under IEPA.

Mr. HAMILTON. Now, Section 4 of the bill requires the President to impose two of at least five sanctions.

Ms. LARKIN. Yes, sir.

Mr. HAMILTON. What is the Administration's view with regard to the flexibility of that?

Ms. LARKIN. The Administration's view is that we would like to maintain maximum flexibility for the President in terms of dealing with the situation, both in terms of Libya and in terms of Iran and we would support the Senate version, which we think gives us more flexibility and we would urge you to retain.

Mr. HAMILTON. Do you think that this bill will impose any kind of costs on the U.S. economy? Are we going to lose jobs because of it? And are we going to lose business?

Ms. LARKIN. We have concerns that that may be a possible effect.

Mr. HAMILTON. Have you made any estimates with respect to that?

Ms. LARKIN. I do not believe we have concrete estimates, no.

Mr. HAMILTON. How serious a problem is it? I mean is it just a little bit of business here and there or are we going to find large layoffs and diminished profits in a number of companies?

Ms. LARKIN. Mr. Hamilton, if I might, I would like to ask Deputy Assistant Secretary David Welsh from the Bureau of Near Eastern Affairs to join me in answer to that question.

Mr. WELSH. Thank you. As you know, in terms of direct effect, Mr. Congressman, American firms and persons are already prohibited from any business with these countries, so the possible effects are indirect.

First, it is conceivable depending on the sanctions that there will be some additional cost to U.S. business because they may, for ex-

ample, if the import sanction is used, they may be importing products that are sanctioned.

Second, it depends on the nature of foreign reaction to whatever sanctions would be employed. And there is conceivably some possibility of retaliation against American firms. In this sense, our policy interests are engaged, too. For example, we have attempted to broaden U.S. markets in Europe in terms of government procurement and one of the possible sanctions in the House version of this legislation is a government procurement sanction.

Mr. HAMILTON. Now, I am trying to get some sense of how significant all of that is. Is this something that is very minimal that we do not need to worry very much about it, or is it something that is substantial? I understand you probably cannot quantify it, but I am trying to get some sense of the impact of this bill on American business and on American jobs.

Mr. WELSH. I can say it will have an impact. I am not sure I can estimate it for you. In assessing this legislation, we view it as having certain risks to U.S. policy interests, but certain benefits also. The benefits in terms of what we would do to Iran and Libya are considerable in our point of view. And for that reason, we supported the Senate version. We would like a measure that would attack the target, Iran and Libya, but at the same time attenuate some of the risks embodied in doing that.

Mr. HAMILTON. And your position, as I understand it, in supporting the sanctions on investment, but not supporting or at least having great reservations about the sanctions on trade, is based on the fact that you think that the sanctions on investment will hurt Iran which we want to do here. We all want to do that. We want to penalize Iran. But the sanctions on trade will have the broader impact of also penalizing us. Am I overstating that?

Mr. WELSH. With respect to Iran, that is among our concerns. Yes, Mr. Congressman.

Mr. HAMILTON. So that is why you favor sanctioning investment, but not sanctioning trade. You are worried about the risks to the United States if you sanction trade. U.S. business.

Mr. WELSH. Because of the laws of Iran that have obtained until last fall, there is no European or foreign investment in Iran's oil and gas sector. We think that is the choke point on the Iranian economy.

Mr. HAMILTON. And, of course, the other problem that Ms. Larkin referred to is the enforceability of the trade sanctions.

Mr. WELSH. That is correct. Our view is that the Iranians, in fact, sort of listed this concern for us when they began to hold oil and gas conferences in trying to attract foreign investment into Iran. So far, there has only been one company that has done that and that is the French company, Total which replaced CONOCO after the American Executive Order removed CONOCO from that.

Mr. HAMILTON. The other point I want to raise with you is the bill makes no distinction, as I understand it now, between Iran and Libya. And as I recall, you can correct me if I am wrong on this, that on the Senate side you supported the investment sanctions with respect to Iran, but you had an objection to including Libya in the bill.

Now we all know that both of these countries are bad actors. Why not include them together? I mean why not lump them together? What is the difficulty here?

Ms. LARKIN. Mr. Hamilton, although their behavior, their objectional behavior is very similar in terms of support for international terrorism, the situations particularly with their oil and gas industries are very different.

In Libya, there is already significant foreign investment in the oil and gas sector in Libya.

Mr. HAMILTON. But not in Iran.

Ms. LARKIN. But not in Iran.

So an investment trigger for Libya would not be effective. That is why we are advocating a trade trigger on Libya. Also, in terms of Libya, we have got U.N. resolutions that are in effect. And we would urge tying sanctions, trade sanctions on Libya to the U.N. resolutions in effect in that country.

Mr. HAMILTON. You already have multilateral cooperation on Libya.

Ms. LARKIN. Yes, sir, to a much greater degree than we do with Iran.

Mr. HAMILTON. Now, is there anything in this bill, then, since we include Libya, that will undercut that international cooperation with respect to Libya which we all look upon as desirable?

Ms. LARKIN. Yes. We have very serious concerns that our enacting an investment trigger on Libya that goes beyond the multilateral sanction regime that we have in effect through the United Nations could have a very detrimental effect on that multilateral regime in the U.N. resolutions.

Ambassador Albright has worked very, very hard at the United Nations to keep those resolutions in effect. And every time they come up for renewal, there is a very serious challenge to them. And we are concerned. Some of our allies have told us that this could have a detrimental effect on that regime.

Mr. HAMILTON. Mr. Chairman, I want to thank you for permitting me to ask these questions and I appreciate the responses. I think this bill is a strong bill. I intend to vote for it here, though. I do have some concerns about it that I think need to be addressed at some point as the bill moves along in consideration. We all want to put strong sanctions on Iran and to penalize Iran. There must be no doubt about that, for the conduct of that nation has been reprehensible and unacceptable to all of us here.

At the same time, we want to be effective. And we want it to be enforceable and we do not want to shoot ourselves in the foot while we are doing it so that we penalize American corporations, profits and jobs any more than we can possibly avoid.

We ought not to fool ourselves here. When you put international sanctions in they may be totally justified for a lot of reasons which my colleagues have stated very, very well, but there are penalties associated with sanctions. And we ought not to ignore those. And I would urge you to try to get for us some better estimate of what those penalties will be.

Ms. LARKIN. We will do that.

Mr. HAMILTON. I thank you, Mr. Chairman.

Mr. BEREUTER. The gentleman's questions were thorough, but they were very relevant. I think this is exactly the way a markup should proceed with as much information as we can glean from the Administration and other witnesses when it is as important a policy issue as this certainly is.

If there are no further questions, I will recognize the gentleman from California for an amendment.

The gentleman from California, Mr. Campbell.

Mr. CAMPBELL. Thank you, Mr. Chairman. I have an amendment at the desk.

Mr. BEREUTER. The clerk will read the amendment.

CLERK. Amendment offered by Mr. Campbell. Page 8, line 16, strike—

Mr. BEREUTER. Without objection, the amendment will be considered as read. The gentleman from California is recognized for 5 minutes to explain his amendment.

[The information appears in the appendix.]

Mr. CAMPBELL. Mr. Chairman, thank you. I believe this is a technical drafting error. If you take a look at page 8 of the present bill, you will see that a provision regarding one of the five sanctions is loans from United States financial institutions. And as presently drafted, that provision says that we would, if the President chose this among the sanctions, prevent a sanctioned person from receiving a loan or a credit in an amount exceeding \$10 million. And then it says parenthetically, "or two or more loans of more than \$5 million each in a 12-month period."

Just reading that directly as a court would, I think, particularly by the fact that the parenthetical follows, would suggest you could offer 100 loans of \$4 million. That is to say there is no limit.

Mr. GEJDENSON. Mr. Chairman.

Chairman GILMAN. Mr. Gejdenson.

Mr. GEJDENSON. We think it is a good amendment. We support it and we commend the gentleman for his amendment.

Mr. CAMPBELL. Thank you, Mr. Chairman.

Chairman GILMAN. Any other comments on the amendment?

Mr. CAMPBELL. If that is the case, then I will conclude and ask for support.

Chairman GILMAN. If there are no other comments, all in favor of the amendment, signify in the usual manner.

[A chorus of ayes.]

Chairman GILMAN. Opposed?

[A chorus of noes.]

Chairman GILMAN. The amendment is carried.

Mr. TORRICELLI. Mr. Chairman.

Chairman GILMAN. Mr. Torricelli.

Mr. TORRICELLI. I have an amendment at the desk.

Chairman GILMAN. The clerk will read the amendment.

CLERK. Amendment offered by Mr. Torricelli. In Section 7, insert "(a) IN GENERAL," before "The requirement", and add the following at the end: (b) ADDITIONAL REQUIREMENT WITH RESPECT TO LIBYA. The requirement under section 4 to impose sanctions shall not longer have force and effect with respect to Libya—

Chairman GILMAN. The amendment will be accepted as read, consider it as read.

[The amendment by Mr. Torricelli appears in the appendix.]

Chairman GILMAN. Is there any comment?

Mr. Torricelli.

Mr. TORRICELLI. Mr. Chairman, with great hopes of breaking Mr. Campbell's record in time for offering and voting upon an amendment, my amendment is very simple. The United States and Britain have both indicted two Libyan nationals for their role in killing 270 people in the Pan Am 103 flight. The United Nations has asked that they be turned over to international justice for prosecution. Muammar Qadhafi has refused to do so.

My amendment is clear on its face. As a condition of sanctions on Libya, Muammar Qadhafi must turn over these two indicted individuals for trial and make as a condition of the lifting of sanctions their availability for prosecution.

I believe, Mr. Chairman, this is a fair statement to the families who continue to wait for justice. It is consistent with the actions of the United Nations. I think it is clear on its face and I would ask the committee's support. I would be glad to yield to Mr. Gejdenson.

Mr. GEJDENSON. Thank you. It is just one thing. Line 3, Mr. Hamilton has pointed out to me that I think you want a "no" instead of a "not" and I would ask—

Mr. TORRICELLI. I would support the gentleman's unanimous consent that that be changed from "not" to "no."

Mr. GEJDENSON. I would like to take just a couple of seconds on this to point out that, you know, the Administration basically testified that following the Senate passage with virtually no other action and with resistance from all of our European allies to the Senate passage of the sister legislation that there was a response by the international community and it was the response we wanted. And so that (1) it is working already; (2) the provisions that Mr. Hamilton talks about is that they place the punishment not here at home on American manufacturers, but on others who are trying to take advantage of our principle stand. That is the right policy.

Last, we already have the same set of conditions placed on missile, nuclear and biological proliferation with countries that have no agreements with us. These countries resist and complain, but it does have an impact and, Mr. Chairman, this legislation is the right thing at the right time for a rogue regime. We will hear our European allies complaining and complaining, but it is only when America leads that they take any action at all and I support the gentleman's amendment and the bill.

Mr. TORRICELLI. I thank the gentleman. In reclaiming my time, Mr. Chairman, I want to congratulate you for the overall legislation. It is time that the United States drew a line with Iran, it is unacceptable, and I congratulate you on a very good legislative effort and I offer my amendment.

Chairman GILMAN. Thank you, Mr. Torricelli.

The amendment from the gentleman from New Jersey does make a positive contribution to the bill by ensuring that our sanctions in regard to Libya and their termination conform to the U.N. Security Council Resolution 731 of January 21, 1992 conforming the de-

struction of Pan Am Flight 103 and urging the Libyan Government to end its support of international terrorism.

Without objection, the amendment is modified.

All in favor of the amendment, signify in the usual manner.

[A chorus of ayes.]

Chairman GILMAN. Opposed?

[A chorus of noes.]

Chairman GILMAN. The amendment is carried.

The chair would now like to lay one en bloc technical amendment before the committee. The clerk will report the amendment.

CLERK. Amendment offered by Mr. Gilman. In Section 13, strike paragraph 11 and insert the following. Paragraph 11, Iran.

Chairman GILMAN. The amendment is considered as read.

[The amendment appears in the appendix.]

Chairman GILMAN. Are there any thoughts about the amendment?

[No response]

Chairman GILMAN. Without objection, the amendment is agreed to.

Are there any other amendments?

Mr. GEJDENSON. Mr. Chairman, I would move the bill, but ask that we hold the vote for approximately 5 minutes so that members can stay here and we get a quorum.

Chairman GILMAN. Mr. Smith. Mr. Smith is out in the anteroom. We are still waiting for a quorum.

[Pause]

Mr. BEREUTER. Mr. Chairman.

Chairman GILMAN. Mr. Bereuter.

Mr. BEREUTER. Mr. Chairman, I move that the committee report the bill, H.R. 3107 to the House with the recommendation that the bill as amended be passed.

Chairman GILMAN. On the motion by Mr. Bereuter, all in favor signify in the usual manner.

[A chorus of ayes.]

Chairman GILMAN. Opposed?

[A chorus of noes.]

Chairman GILMAN. The clerk will—

Mr. GEJDENSON. Mr. Chairman, I ask for a roll call.

Chairman GILMAN. Roll call has been requested.

The clerk will call the roll.

CLERK. Mr. Gilman?

Chairman GILMAN. Aye.

CLERK. Mr. Gilman votes aye.

CLERK. Mr. Goodling?

[No response.]

CLERK. Mr. Leach?

[No response.]

CLERK. Mr. Roth?

Mr. ROTH. Aye.

CLERK. Mr. Hyde?

[No response.]

CLERK. Mr. Bereuter?

Mr. BEREUTER. Aye.

CLERK. Mr. Bereuter votes aye.

Mr. Smith?

[No response.]

CLERK. Mr. Burton?

[No response.]

CLERK. Mrs. Meyers?

Mrs. MEYERS. Aye.

CLERK. Mrs. Meyers votes aye.

Mr. Gallegly?

[No response.]

CLERK. Ms. Ros-Lehtinen?

[No response.]

CLERK. Mr. Ballenger?

[No response.]

Chairman GILMAN. We are going to request our members to please stay until the roll is completed. We need all members to complete the quorum. Thank you.

CLERK. Mr. Rohrabacher?

[No response.]

CLERK. Mr. Manzullo?

[No response.]

CLERK. Mr. Royce?

[No response.]

CLERK. Mr. King?

[No response.]

CLERK. Mr. Kim?

Mr. KIM. Aye.

CLERK. Mr. Kim votes aye.

Mr. Brownback?

[No response.]

CLERK. Mr. Funderburk?

Mr. FUNDERBURK. Aye.

CLERK. Mr. Funderburk votes aye.

[No response.]

CLERK. Mr. Chabot?

Mr. CHABOT. Aye.

CLERK. Mr. Chabot votes aye.

Mr. Sanford?

Mr. SANFORD. Aye.

CLERK. Mr. Sanford votes aye.

Mr. Salmon?

Mr. SALMON. Aye.

CLERK. Mr. Salmon votes aye.

Mr. Houghton?

[No response.]

CLERK. Mr. Campbell?

Mr. CAMPBELL. Aye.

CLERK. Mr. Campbell votes aye.

Mr. Hamilton?

Mr. HAMILTON. Aye.

CLERK. Mr. Hamilton votes aye.

Mr. Gejdenson?

Mr. GEJDENSON. Aye.

CLERK. Mr. Gejdenson votes aye.

Mr. Lantos?

Mr. LANTOS. Aye.

CLERK. Mr. Lantos votes aye.

Mr. Torricelli?

Mr. TORRICELLI. Aye.

CLERK. Mr. Torricelli votes aye.

Mr. Berman?

Mr. BERMAN. Aye.

CLERK. Mr. Berman votes aye.

Mr. Ackerman?

[No response.]

CLERK. Mr. Johnston?

[No response.]

CLERK. Mr. Engel?

Mr. ENGEL. Aye.

CLERK. Mr. Engel votes aye.

Mr. Faleomavaega?

[No response.]

CLERK. Mr. Martinez?

Mr. MARTINEZ. Aye.

CLERK. Mr. Martinez votes aye.

Mr. Paine?

[No response.]

CLERK. Mr. Andrews?

Mr. ANDREWS. Aye.

CLERK. Mr. Andrews votes aye.

Mr. Menendez?

Mr. MENENDEZ. Aye.

CLERK. Mr. Menendez votes aye.

Mr. Brown?

Mr. BROWN. Aye.

CLERK. Brown votes aye.

Ms. McKinney?

Ms. MCKINNEY. Aye.

CLERK. Ms. McKinney votes aye.

Mr. Hastings?

[No response.]

CLERK. Mr. Wynn?

Mr. WYNN. Aye.

CLERK. Mr. Wynn votes aye.

Mr. Moran?

Mr. MORAN. Aye.

CLERK. Mr. Moran votes aye.

Mr. Frazer?

[No response.]

CLERK. Mr. Rose?

[No response.]

CLERK. Ms. Danner?

Ms. DANNER. Aye.

CLERK. Ms. Danner votes aye.

Chairman GILMAN. The clerk will call the absentees.

CLERK. Mr. Goodling?

[No response.]

CLERK. Mr. Leach?

[No response.]

CLERK. Mr. Hyde?
[No response.]
CLERK. Mr. Smith?
[No response.]
CLERK. Mr. Burton?
[No response.]
CLERK. Mr. Gallegly?
[No response.]
CLERK. Ms. Ros-Lehtinen?
Ms. ROS-LEHTINEN. Aye.
CLERK. Ms. Ros-Lehtinen votes aye.
Mr. Ballenger?
Mr. BALLINGER. Aye.
CLERK. Mr. Ballenger votes aye.
Mr. Rohrabacher?
[No response.]
CLERK. Mr. Manzullo?
[No response.]
CLERK. Mr. Royce?
[No response.]
CLERK. Mr. King?
Mr. ROYCE. Aye.
CLERK. Mr. Royce votes aye.
Mr. King?
[No response.]
CLERK. Mr. Brownback?
[No response.]
CLERK. Mr. Houghton?
Mr. HOUGHTON. Aye.
CLERK. Mr. Houghton votes aye.
Mr. Ackerman?
[No response.]
CLERK. Mr. Johnston?
[No response.]
CLERK. Mr. Faleomavaega?
[No response.]
CLERK. Mr. Payne?
[No response.]
CLERK. Mr. Hastings?
[No response.]
Mr. Frazer?
[No response.]
CLERK. Mr. Rose?
[No response.]
CLERK. Mr. Goodling?
Mr. GOODLING. Aye.
CLERK. Mr. Goodling votes aye.
Mr. Rohrabacher?
Mr. ROHRABACHER. Aye.
CLERK. Mr. Rohrabacher votes aye.
Mr. Brownback?
Mr. BROWNBACK. Aye.
CLERK. Mr. Brownback votes aye.
Mr. King?

Mr. KING. I have already voted.

CLERK. Mr. King is not recorded.

Mr. KING. Aye.

CLERK. Mr. King votes aye.

Chairman GILMAN. Clerk will report the vote.

CLERK. Mr. Chairman, on this vote there are 32 ayes and zero noes.

Chairman GILMAN. Noting the presence of a quorum, the ayes do have it and the motion is agreed to. Without objection, the staff is authorized to make technical, grammatical conforming amendments to the legislation considered today. Without objection the chair is considered to have been authorized to make motions under the clause (1) of Rule 20 relative to the conference in connection with the legislation considered today or counterpart measures from the Senate.

The committee stands adjourned.

[Whereupon, at 11:40 a.m., the committee was adjourned.]

A P P E N D I X

Statement of Senator Alfonse M. D'Amato
Mark-up of H.R. 3107
the Iran Oil Sanctions Act of 1996
House International Relations Committee
March 21, 1996

I want to congratulate my colleague from New York, Chairman Ben Gilman, Representatives Berman, Gejdenson, Burton, King and Forbes for leading this truly bipartisan effort in the House. Your efforts to see this bill to a prompt conclusion will prove invaluable to the fight against international terrorism.

The bill that the Committee is considering today will place economic sanctions on any foreign company that invests or provides oil equipment to Iran and Libya. It tells foreign companies that you can either trade with them, or trade with us.

The world must understand that these two regimes are the chief sponsors of international terrorism today. Iran, funds, arms, and trains Hezbollah and Hamas, two groups dedicated to the destruction of the State of Israel as well as mortal enemies of the United States. Both of these bloody groups conduct horrific operations against innocent civilians and think nothing of blowing up school children and busloads of people. Hezbollah has admitted publicly that it receives funding and arms from Iran.

Libya refuses to surrender two of its agents that have been indicted for their part in the bombing of Pan Am Flight 103. It was on this flight that 270 people died. Kaddafi also funds and trains a number of terrorist groups which target Americans and Westerners alike.

We don't have to go back very far to see the destruction that these regimes have fostered and cheered on. In Tel Aviv, Jerusalem, and even in New York with the bombing of the World Trade Center, these terrorist regimes have spread their venom of hatred and destruction. I could not think of two countries more deserving of international isolation and punishment.

Simply put, we must view *any* business deal that provides Iran and Libya with the hard currency to develop their energy sectors as a direct threat to U.S. national security. Such deals only enhance these regimes' financial resources enabling them to finance their ongoing terrorist programs and efforts to obtain weapons of mass destruction. We must be committed to strengthening current economic sanction against Iran and Libya until this outrageous behavior ends.

Your proposed legislation contains additions to the Senate passed bill which deserve comment. Most important is the addition of an import sanction which will deny a sanctioned company the right to export its products to the United States. Beyond that, there is a provision that restores the trade of oil equipment with Iran and Libya to the list of sanctionable offenses. And finally, the requirement that the President must choose any two of five sanctions to place on an offending company, is an important addition to the bill.

Already this bill has had an enormous effect on the international community. Even before its full passage by the Congress, it has deterred several international companies from investing in Iran. Some of these companies include Royal Dutch Shell; the Broken Hill Proprietary Corporation of Australia, which abandoned a pipeline project from Iran to Pakistan worth close to \$4 billion; and the JGC Corporation of Japan, which had sought several natural gas projects inside Iran. Others such as Total, of France, have not given up while on its ongoing project on the Sirri Islands in the Persian Gulf, but has told the State Department that it will not invest in other projects in Iran.

In the end, companies must ask themselves if they want to trade with Iran or Libya, or trade with us. I think the answer in the end, will be that they will decide to trade with us. But in case they choose Iran and Libya, then this legislation will serve as a reminder that the United States will not ignore the aid and comfort provided to these terrorist regimes.

(Original signature of Member)

104TH CONGRESS
2D SESSION

H. R. 3107

IN THE HOUSE OF REPRESENTATIVES

Mr. GILMAN (for himself, Mr. BERMAN, Mr. GEJDENSON, Mr. BURTON, Mr. KING, Mr. SHAW, and Mr. FORBES) introduced the following bill; which was referred to the Committee on _____

A BILL

To impose sanctions on persons exporting certain goods or technology that would enhance Iran's ability to explore for, extract, refine, or transport by pipeline petroleum resources, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Iran Oil Sanctions Act
5 of 1996".

6 **SEC. 2. FINDINGS.**

7 The Congress makes the following findings:

2

1 (1) The efforts of the Government of Iran to
2 acquire weapons of mass destruction and the means
3 to deliver them and its support of international ter-
4 rrorism endanger potentially the national security
5 and foreign policy interests of the United States and
6 those countries with which it shares common strate-
7 gic and foreign policy objectives.

8 (2) The objective of preventing the proliferation
9 of weapons of mass destruction and international
10 terrorism through existing multilateral and bilateral
11 initiatives requires additional efforts to deny Iran
12 the financial means to sustain its nuclear, chemical,
13 biological, and missile weapons programs.

14 (3) The Government of Iran uses its diplomatic
15 facilities and quasi-governmental institutions outside
16 of Iran to promote acts of international terrorism
17 and assist its nuclear, chemical, biological, and mis-
18 sile weapons programs.

19 **SEC. 3. DECLARATION OF POLICY.**

20 The Congress declares that it is the policy of the
21 United States to deny Iran the ability to support inter-
22 national terrorism and to fund the development and acqui-
23 sition of weapons of mass destruction and the means to
24 deliver them by limiting the development of Iran's ability

1 to explore for, extract, refine, or transport by pipeline pe-
2 troleum resources of Iran.

3 **SEC. 4. IMPOSITION OF SANCTIONS.**

4 (a) IN GENERAL.—Except as provided in subsection
5 (d), the President shall impose 2 or more of the sanctions
6 described in paragraphs (1) through (5) of section 5 if
7 the President determines that a person has, with actual
8 knowledge or reason to know, on or after the date of the
9 enactment of this Act—

10 (1) exported, transferred, or released to Iran,
11 nationals of Iran, or entities owned or controlled by
12 Iran or nationals of Iran any goods or technology
13 identified on the List of Petroleum and Natural
14 Gas-Related Goods and Technology established
15 under section 9 (in this Act referred to as the
16 “List”) if the provision of such goods or technology
17 would significantly and materially enhance Iran’s
18 ability to develop petroleum resources of Iran—

19 (A) whether or not the goods or technology
20 is exported from the United States; and

21 (B) whether or not the goods or technology
22 is subject to the jurisdiction of the United
23 States; or

24 (2) made an investment of \$40,000,000 or
25 more (or any combination of investments of at least

1 \$10,000,000 each, which in the aggregate equals or
2 exceeds \$40,000,000 in any 12-month period), that
3 directly contributed to the enhancement of Iran's
4 ability to develop petroleum resources of Iran.

5 (b) PERSONS AGAINST WHICH THE SANCTIONS ARE
6 TO BE IMPOSED.—The sanctions described in subsection
7 (a) shall be imposed on—

8 (1) the person with respect to whom the Presi-
9 dent makes the determination subsection (a);

10 (2) any successor entity to the person with re-
11 spect to whom the President makes the determina-
12 tion subsection (a);

13 (3) any wholly owned subsidiary of the person
14 with respect to whom the President makes the deter-
15 mination subsection (a);

16 (4) any other subsidiary of the person with re-
17 spect to whom the President makes the determina-
18 tion under subsection (a) if that subsidiary, with ac-
19 tual knowledge or reason to know, engaged in the
20 activities which were the basis of that determination;

21 (5) any person that is a parent of the person
22 with respect to whom the President makes the deter-
23 mination under subsection (a) if that parent had ac-
24 tual knowledge or reason to know of the activities
25 which were the basis of that determination; and

1 (6) any person that is an affiliate of the person
2 with respect to whom the President makes the deter-
3 mination under subsection (a) if that affiliate, with
4 actual knowledge or reason to know, engaged in the
5 activities which were the basis of that determination.

6 For purposes of this Act, any person or entity described
7 in this subsection shall be referred to as a "sanctioned
8 person".

9 (c) PUBLICATION IN FEDERAL REGISTER.—The
10 President shall cause to be published in the Federal Reg-
11 ister a current list of sanctioned persons. The removal of
12 names from, and the addition of names to, the list, shall
13 also be so published.

14 (d) EXCEPTIONS.—The President shall not be re-
15 quired to apply or maintain the sanctions under subsection
16 (a)—

17 (1) in the case of procurement of defense arti-
18 cles or defense services—

19 (A) under existing contracts or sub-
20 contracts, including the exercise of options for
21 production quantities to satisfy requirements
22 essential to the national security of the United
23 States;

24 (B) if the President determines in writing
25 that the person to which the sanctions would

1 otherwise be applied is a sole source supplier of
2 the defense articles or services, that the defense
3 articles or services are essential, and that alter-
4 native sources are not readily or reasonably
5 available; or

6 (C) if the President determines in writing
7 that such articles or services are essential to the
8 national security under defense coproduction
9 agreements;

10 (2) to products or services provided under con-
11 tracts entered into before the date on which the
12 President publishes his intention to impose the sanc-
13 tions;

14 (3) to—

15 (A) spare parts which are essential to
16 United States products or production;

17 (B) component parts, but not finished
18 products, essential to United States products or
19 production; or

20 (C) routine servicing and maintenance of
21 products, to the extent that alternative sources
22 are not readily or reasonably available;

23 (4) to information and technology essential to
24 United States products or production; or

1 (5) to medicines, medical supplies, or other hu-
2 manitarian items.

3 **SEC. 5. DESCRIPTION OF SANCTIONS.**

4 The sanctions to be imposed on a sanctioned person
5 under section 4(a) are as follows:

6 (1) **EXPORT-IMPORT BANK ASSISTANCE FOR**
7 **EXPORTS TO SANCTIONED PERSONS.**—The President
8 shall direct the Export-Import Bank of the United
9 States not to guarantee, insure, extend credit, or
10 participate in the extension of credit in connection
11 with the export of any goods or services to any sanc-
12 tioned person.

13 (2) **TRADE SANCTION.**—The President shall
14 both—

15 (A) order the United States Government
16 not to issue any specific license and not to
17 grant any other specific permission or authority
18 to export any goods or technology to a sanc-
19 tioned person under—

20 (i) the Export Administration Act of
21 1979;

22 (ii) the Arms Export Control Act;

23 (iii) the Atomic Energy Act of 1954;

24 or

(B) prohibit the importation into the United States of products produced by any sanctioned person.

9 Subparagraph (B) includes application to the impor-
10 tation of any finished product or component part,
11 whether shipped directly by the sanctioned person or
12 by another entity.

1 against a sanctioned person that is a financial insti-
2 tution:

3 (A) DESIGNATION AS PRIMARY DEALER.—

4 Neither the Board of Governors of the Federal
5 Reserve System nor the Federal Reserve Bank
6 of New York may designate, or permit the con-
7 tinuation of any prior designation of, such fi-
8 nancial institution as a primary dealer in Unit-
9 ed States Government debt instruments.

10 (B) GOVERNMENT FUNDS.—Such financial
11 institution shall not serve as agent of the Unit-
12 ed States Government or serve as repository for
13 United States Government funds.

14 (5) PROCUREMENT SANCTION.—The United
15 States Government shall not procure, or enter into
16 any contract for the procurement of, any goods or
17 services from a sanctioned person.

18 **SEC. 6. ADVISORY OPINIONS.**

19 The Secretary of State may, upon the request of any
20 person, issue an advisory opinion to that person as to
21 whether a proposed activity by that person would subject
22 that person to sanctions under this Act. Any person who
23 relies in good faith on such an advisory opinion which
24 states that the proposed activity would not subject a per-
25 son to such sanctions, and any person who thereafter en-

10

1 gages in such activity, may not be made subject to such
2 sanctions on account of such activity.

3 **SEC. 7. TERMINATION OF SANCTIONS.**

4 The requirement under section 4 to impose sanctions
5 shall no longer have force or effect if the President deter-
6 mines and certifies to the appropriate congressional com-
7 mittees that Iran—

8 (1) has ceased its efforts to design, develop,
9 manufacture, or acquire—

10 (A) a nuclear explosive device or related
11 materials and technology;

12 (B) chemical and biological weapons; and

13 (C) ballistic missiles and ballistic missile
14 launch technology; and

15 (2) has been removed from the list of countries
16 the governments of which have been determined, for
17 purposes of section 6(j) of the Export Administra-
18 tion Act of 1979, to have repeatedly provided sup-
19 port for acts of international terrorism..

20 **SEC. 8. DURATION OF SANCTIONS; PRESIDENTIAL WAIVER.**

21 (a) **DELAY OF SANCTIONS.—**

22 (1) **CONSULTATIONS.—**If the President makes a
23 determination described in section 4(a) with respect
24 to a foreign person, the Congress urges the Presi-
25 dent to initiate consultations immediately with the

11

1 government with primary jurisdiction over that for-
2 eign person with respect to the imposition of sanc-
3 tions under this Act.

4 (2) ACTIONS BY GOVERNMENT OF JURISDI-
5 TION.—In order to pursue such consultations with
6 that government, the President may delay imposition
7 of sanctions under this Act for up to 90 days. Fol-
8 lowing such consultations, the President shall imme-
9 diately impose sanctions unless the President deter-
10 mines and certifies to the Congress that the govern-
11 ment has taken specific and effective actions, includ-
12 ing, as appropriate, the imposition of appropriate
13 penalties, to terminate the involvement of the foreign
14 person in the activities that resulted in the deter-
15 mination by the President under section 4(a) con-
16 cerning such person.

17 (3) ADDITIONAL DELAY IN IMPOSITION OF
18 SANCTIONS.—The President may delay the imposi-
19 tion of sanctions for up to an additional 90 days if
20 the President determines and certifies to the Con-
21 gress that the government with primary jurisdiction
22 over the foreign person is in the process of taking
23 the actions described in paragraph (2).

24 (4) REPORT TO CONGRESS.—Not later than 45
25 days after making a determination under section

12

1 4(a), the President shall submit to the Committee on
2 Banking, Housing, and Urban Affairs of the Senate
3 and the Committee on International Relations of the
4 House of Representatives a report on the status of
5 consultations with the appropriate foreign govern-
6 ment under this subsection, and the basis for any
7 determination under paragraph (3).

8 (b) DURATION OF SANCTIONS.—The requirement to
9 impose sanctions under section 4(a) shall remain in effect
10 until the President determines that the sanctioned person
11 is no longer engaging in the activity that led to the imposi-
12 tion of sanctions.

13 (c) PRESIDENTIAL WAIVER.—

14 (1) AUTHORITY.—The President may waive the
15 requirement in section 4(a) to impose a sanction or
16 sanctions on a person in section 4(b), and may waive
17 the continued imposition of a sanction or sanctions
18 under subsection (b) of this section, 30 days or more
19 after the President determines and so reports to the
20 Committee on Banking, Housing, and Urban Affairs
21 of the Senate and the Committee on International
22 Relations of the House of Representatives that it is
23 important to the national interest of the United
24 States to exercise such waiver authority.

13

1 (2) CONTENTS OF REPORT.—Any such report
2 shall provide a specific and detailed rationale for
3 such determination, including—

4 (A) a description of the conduct that re-
5 sulted in the determination;

6 (B) in the case of a foreign person, an ex-
7 planation of the efforts to secure the coopera-
8 tion of the government with primary jurisdic-
9 tion of the sanctioned person to terminate or,
10 as appropriate, penalize the activities that re-
11 sulted in the determination;

12 (C) an estimate as to the significance of
13 the investment or the provision of the goods or
14 technology, as the case may be, to Iran's ability
15 to develop its petroleum resources; and

16 (D) a statement as to the response of the
17 United States in the event that such person en-
18 gages in other activities that would be subject
19 to section 4(a).

20 (3) EFFECT OF REPORT ON WAIVER.—If the
21 President makes a report under paragraph (1) with
22 respect to a waiver of sanctions on a person in sec-
23 tion 4(b), sanctions need not be imposed under sec-
24 tion 4(a) on that person during the 30-day period
25 referred to in paragraph (1).

1 SEC. 9. GOODS AND TECHNOLOGY SUBJECT TO EXPORT
2 CONTROL RESTRICTIONS.

3 (a) CONTROL LIST.—

4 (1) CONTENTS OF LIST.—For purposes of the
5 determinations to be made under section 4(a), the
6 President, in consultation with the Secretary of
7 State and the Secretary of Energy, and the heads of
8 other appropriate departments and agencies, shall
9 establish and maintain the List of Petroleum and
10 Natural Gas-Related Goods and Technology. The
11 List shall consist of—

12 (A) all items listed in the Annex to Resolu-
13 tion 883 of the Security Council of the United
14 Nations, adopted November 11, 1993, and all
15 types of equipment, supplies, and grants of li-
16 censes prohibited by paragraph 5 of that resolu-
17 tion; and

18 (B) any other goods or technology (includ-
19 ing software and technical data) that the Presi-
20 dent determines could significantly or materially
21 contribute to Iran's ability to develop its petro-
22 leum resources, including goods and technology
23 that are required for the development, produc-
24 tion, or use of facilities (including the repair,
25 maintenance, or operation of equipment) for the
26 development of petroleum resources.

15

1 (2) PUBLICATION.—The President, within 60
2 days after the date of the enactment of this Act,
3 shall cause the List to be published in the Federal
4 Register, together with any regulations issued with
5 respect thereto. Thereafter, any revisions to the List
6 or amendments to the regulations shall be published
7 in the same manner.

8 (3) ADVANCE NOTICE TO CONGRESS.—Not less
9 than 30 days in advance of the publication of the
10 List, it shall be provided to the Committee on Bank-
11 ing, Housing, and Urban Affairs of the Senate and
12 to the Committee on International Relations of the
13 House of Representatives. The President shall con-
14 sult with such Committees regarding the content of
15 the List and shall respond to questions regarding
16 the basis for the inclusion on, or exclusion from, the
17 List of specified goods and technology.

18 (b) STATUTORY CONSTRUCTION.—Nothing in this
19 section prevents the inclusion on the List of any goods
20 or technology that may be produced in and traded inter-
21 nationally by persons or entities in countries other than
22 the United States.

23 **SEC. 10. REPORTS REQUIRED.**

24 (a) REPORT ON CERTAIN INTERNATIONAL INITIA-
25 TIVES.—Not later than 6 months after the date of the en-

16

1 actment of this Act, and every 6 months thereafter, the
2 President shall transmit a report to the appropriate con-
3 gressional committees describing—

4 (1) the efforts of the President to mount a mul-
5 tilateral campaign to persuade all countries to pres-
6 sure Iran to cease its weapons of mass destruction
7 programs and its support of international terrorism;

8 (2) the efforts of the President to persuade
9 other governments to ask Iran to reduce the pres-
10 ence of Iranian diplomats and representatives of
11 other government and military or quasi-govern-
12 mental institutions of Iran and to withdraw any
13 such diplomats or representatives who participated
14 in the takeover of the United States embassy in
15 Tehran on November 4, 1979, or the subsequent
16 holding of United States hostages for 444 days;

17 (3) the extent to which the International Atom-
18 ic Energy Agency has established regular inspections
19 of all nuclear facilities in Iran, including those pres-
20 ently under construction; and

21 (4) Iran's use of Iranian diplomats and rep-
22 resentatives of other government and military or
23 quasi-governmental institutions of Iran to promote
24 acts of terrorism or to develop or sustain Iran's nu-

1 clear, chemical, biological, and missile weapons pro-
2 grams.

3 (b) OTHER REPORTS.—The President shall ensure
4 the continued transmittal to the Congress of reports de-
5 scribing—

6 (1) the nuclear and other military capabilities
7 of Iran, as required by section 601(a) of the Nuclear
8 Non-Proliferation Act of 1978 and section 1607 of
9 the National Defense Authorization Act, Fiscal Year
10 1993; and

11 (2) the support provided by Iran for acts of
12 international terrorism, as part of the Department
13 of State's annual report on international terrorism.

14 **SEC. 11. APPLICATION OF THE ACT TO LIBYA.**

15 (a) IN GENERAL.—The sanctions of this Act, includ-
16 ing the terms and conditions for the imposition, duration,
17 and termination of sanctions, shall apply to persons mak-
18 ing investments with respect to the development of petro-
19 leum resources of Libya, or exporting, transferring, or re-
20 leasing of certain goods or technology to Libya, nationals
21 of Libya, or entities owned or controlled by Libya, in the
22 same manner as those sanctions apply under this Act to
23 persons making investments with respect to the develop-
24 ment of petroleum resources of Iran, or exporting, trans-

18

1 ferring, or releasing of certain goods or technology to Iran,
2 nationals of Iran, or entities owned or controlled by Iran.

3 (b) APPLICATION OF SPECIFIC PROVISIONS.—In ap-
4 plying the provisions of this Act with respect to Libya
5 under subsection (a), each reference to “Iran” shall be
6 deemed to be a reference to “Libya”.

7 **SEC. 12. DETERMINATIONS NOT REVIEWABLE.**

8 A determination to impose sanctions under this Act
9 shall not be reviewable in any court.

10 **SEC. 13. DEFINITIONS.**

11 As used in this Act:

12 (1) ACT OF INTERNATIONAL TERRORISM.—The
13 term “act of international terrorism” means an
14 act—

15 (A) which is violent or dangerous to
16 human life and that is a violation of the crimi-
17 nal laws of the United States or of any State
18 or that would be a criminal violation if commit-
19 ted within the jurisdiction of the United States
20 or any State; and

21 (B) which appears to be intended—

22 (i) to intimidate or coerce a civilian
23 population;

24 (ii) to influence the policy of a govern-
25 ment by intimidation or coercion; or

19

(iii) to affect the conduct of a government by assassination or kidnapping.

19 (5) DEVELOP AND DEVELOPMENT.—To "de-
20 velop", or the "development" of, petroleum resources
21 means the exploration for, or the extraction, refin-
22 ing, or transportation by pipeline of, petroleum re-
23 sources

(6) FINANCIAL INSTITUTION.—The term “financial institution” includes—

20

1 (A) a depository institution (as defined in
2 section 3(c)(1) of the Federal Deposit Insurance Act), including a branch or agency of a
3 foreign bank (as defined in section 1(b)(7) of
4 the International Banking Act of 1978);

5 (B) a credit union;

6 (C) a securities firm, including a broker or
7 dealer;

8 (D) an insurance company, including an
9 agency or underwriter;

10 (E) any other company that provides financial services; and

11 (F) any subsidiary of an entity described
12 in any of subparagraphs (A) through (E).

13 (7) FINISHED PRODUCT.—The term “finished
14 product” has the meaning given that term in section
15 11A(e)(2) of the Export Administration Act of 1979
16 (50 U.S.C. App. 2410a(e)(2)).

17 (8) FOREIGN PERSON.—The term “foreign person” means—

18 (A) an individual who is not a United
19 States person or an alien lawfully admitted for
20 permanent residence into the United States; or

21

1 (B) a corporation, partnership, or other
2 nongovernment entity which is not a United
3 States person.

4 (9) GOODS AND TECHNOLOGY.—The terms
5 “goods” and “technology” have the meanings given
6 those terms in section 16 of the Export Administra-
7 tion Act of 1979 (50 U.S.C. App. 2415).

8 (10) INVESTMENT.—The term “investment”
9 means—

10 (A) the entry into a contract that includes
11 responsibility for the development of petroleum
12 resources located in Iran or Libya (as the case
13 may be), or the entry into a contract providing
14 for the general supervision and guarantee of an-
15 other person’s performance of such a contract;

16 (B) the purchase of a share of ownership
17 in that development;

18 (C) the entry into a contract providing for
19 the participation in royalties, earnings, or prof-
20 its in that development, without regard to the
21 form of the participation; or

22 (D) the entry into or performance of—

23 (i) a contract for the financing of the
24 development of petroleum resources located
25 in Iran or Libya (as the case may be); or

22

(ii) a guaranty of another person's performance under such a contract.

(11) IRAN.—The term “Iran” means—

(A) the territory of Iran; and

(B) any territory or marine areas over which the Government of Iran claims sovereignty, sovereign rights, or jurisdiction, if the Government of Iran exercises partial or de facto control over such territory or area or derives a benefit from economic activity in the territory or area pursuant to an international agreement.

(12) IRANIAN DIPLOMATS AND REPRESENTA-

TIVES OF OTHER GOVERNMENT AND MILITARY OR

QUASI-GOVERNMENTAL INSTITUTIONS OF IRAN.—

The term "Iranian diplomats and representatives of other government and military or quasi-governmental institutions of Iran" includes employees, representatives, or affiliates of Iran's—

(A) Foreign Ministry;

(B) Ministry of Intelligence and Security;

(C) Revolutionary Guard Corps;

(D) Crusade for Reconstruction;

(E) Qods (Jerusalem) Forces;

(F) Interior Ministry;

(G) Foundation for the Oppressed and
Disabled;

3 (H) Prophet's Foundation;

4 (I) June 5th Foundation;

5 (J) Martyr's Foundation;

6 (K) Islamic Propagation Organization; and

7 (L) Ministry of Islamic Guidance.

8 (13) LIBYA.—The term "Libya" means—

9 (A) the territory of Libya; and

(B) any territory or marine areas over which the Government of Libya claims sovereignty, sovereign rights, or jurisdiction, if the Government of Libya exercises partial or de facto control over such territory or area or derives a benefit from economic activity in the territory or area pursuant to an international agreement.

24

1 that would be released from the detonation of one
2 pound of trinitrotoluene (TNT).

3 (15) PARENT.—For purposes of section 4(b), a
4 person is a “parent” of another person if that per-
5 son owns, directly or indirectly, more than 50 per-
6 cent of the outstanding capital stock or other bene-
7 ficial interest in that other person, or otherwise con-
8 trols that other person.

9 (16) PERSON.—The term “person” means a
10 natural person as well as a corporation, business as-
11 sociation, partnership, society, trust, any other non-
12 governmental entity, organization, or group, and any
13 governmental entity operating as a business enter-
14 prise, and any successor to any such entity.

15 (18) PETROLEUM RESOURCES.—The term “pe-
16 troleum resources” includes petroleum and natural
17 gas resources.

18 (19) SUBSIDIARY.—(A) For purposes of section
19 4(b), and subject to subparagraph (B), a person is
20 a “subsidiary” of another person if that other per-
21 son owns, directly or indirectly, more than 50 per-
22 cent of the outstanding capital stock or other bene-
23 ficial interest in that person, or otherwise controls
24 that person.

1 (B) A person is a "wholly owned" subsidiary of
2 another person if all the outstanding capital stock or
3 other beneficial interests of that person are owned
4 by that other person.

5 (20) UNITED STATES OR STATE.—The term
6 "United States" or "State" means the several
7 States, the District of Columbia, the Commonwealth
8 of Puerto Rico, the Commonwealth of the Northern
9 Mariana Islands, American Samoa, Guam, the United
10 ed States Virgin Islands, and any other territory or
11 possession of the United States.

12 (21) UNITED STATES PERSON.—The term
13 "United States person" means—

14 (A) a natural person who is a citizen of the
15 United States or who owes permanent alle-
16 giance to the United States; and

17 (B) a corporation or other legal entity
18 which is organized under the laws of the United
19 States, any State or territory thereof, or the
20 District of Columbia, if natural persons de-
21 scribed in subparagraph (A) own, directly or in-
22 directly, more than 50 percent of the outstand-
23 ing capital stock or other beneficial interest in
24 such legal entity.

AMENDMENT BY MR. CAMPBELL OF CALIFORNIA

Page 8, line 16, strike "loan or providing any credit" and insert "loans or providing any credits".

Page 8, lines 17, 18, and 19, strike "exceeding \$10,000,000 (or two or more loans of more than \$5,000,000 each in any 12-month period) unless" and insert "totaling more than \$10,000,000 in any 12-month period unless".

**AMENDMENT TO H.R. 3107
OFFERED BY MR. TORRICELLI**

In section 7, insert “(a) IN GENERAL.—” before “The requirement”, and add the following at the end:

1 (b) ADDITIONAL REQUIREMENT WITH RESPECT TO
2 LIBYA.—The requirement under section 4 to impose sanc-
3 tions shall ~~not~~ longer have force and effect with respect
4 to Libya only if the President, in addition to making the
5 determination required by subsection (a), determines and
6 certifies to the appropriate congressional committees that
7 Libya has fulfilled the requirements of United Nations Se-
8 curity Council Resolution 731, adopted January 21, 1992.

EN BLOC AMENDMENT TO H.R. 3107
OFFERED BY MR. GILMAN

In section 13 (Definitions), strike paragraph (11) and insert the following:

1 (11) IRAN.—The term “Iran” includes any
2 agency or instrumentality of Iran.

In section 13 (Definitions), strike paragraph (13) and insert the following:

3 (13) LIBYA.—The term “Libya” includes any
4 agency or instrumentality of Libya.

In section 8, strike subsection (b) (relating to the duration of sanctions) and insert the following:

5 (b) DURATION OF SANCTIONS.—A sanction imposed
6 under section 4 shall remain in effect for a period of not
7 less than 2 years from the date on which it is imposed.

In section 4(b) (relating to persons against which sanctions are imposed), make the following changes:

(1) Strike “The sanctions described in subsection (a) shall be imposed on—” and insert “The sanctions described in subsection (a) shall be imposed on any person the President determines—”.

(2) Strike paragraph (1) and insert the following:

2

1 (1) has carried out the activities described in
2 subsection (a);

(3) Strike "any" at the beginning of each of
paragraphs (2) through (6) and insert "is a", and
strike "determination subsection" in paragraphs (2)
and (3) and insert "determination under sub-
section".

Amend the title so as to read: "A bill to impose
sanctions on persons exporting certain goods or tech-
nology that would enhance Iran's ability to develop its pe-
troleum resources and on persons making certain invest-
ments directly contributing to the enhancement of Iran's
ability to develop its petroleum resources, and for other
purposes.".



BOSTON PUBLIC LIBRARY



3 9999 05983 861 3

ISBN 0-16-052927-1



9 780160 529276